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ANNUAL REPORT 1972

**ANGLO AMERICAN CORPORATION
OF CANADA LIMITED**

ALVIN EPP
PUBLIC RELATIONS

ANGLO AMERICAN CORPORATION
OF CANADA LIMITED
P.O. BOX NO. 28
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DIRECTORS

IAN D. DAVIDSON, C.B.E.
Director, Western Assurance Company

H. RONALD FRASER
*President, Anglo American Corporation
of Canada Limited*

M. B. HOFMEYR
*Managing Director, Charter Consolidated Limited,
Executive Director, Anglo American Corporation of
South Africa Limited*

R. H. JONES
*President and Chief Executive Officer,
The Investors Group*

H. A. McKENZIE
*Executive Vice-President, Hudson Bay
Mining and Smelting Co., Limited*

W. A. MORRICE
*President, Hudson Bay Mining and
Smelting Co., Limited*

H. F. OPPENHEIMER
*Chairman, Anglo American Corporation of South
Africa Limited,
Director, Canadian Imperial Bank of Commerce*

G. W. H. RELLY
*Chairman, Anglo American Corporation
of Canada Limited*

G. J. RISBY
*Vice President—Treasurer, Anglo American
Corporation of Canada Limited*

M. W. RUSH
*Executive Director, Anglo American Corporation of South
Africa Limited,
Director, Hudson Bay Mining and Smelting Co., Limited*

S. SPIRO
*Chairman, Charter Consolidated Limited,
Executive Director, Anglo American Corporation of South
Africa Limited*

J. D. TAYLOR, Q.C.
*Executive Director, Anglo American Corporation
of Canada Limited*

OFFICERS

G. W. H. RELLY, *Chairman*

H. RONALD FRASER, *President*

G. J. RISBY, *Vice President—Treasurer*

T. P. SULLIVAN, C.A., *Secretary*

Report of the Directors

Earnings for the year 1972 were significantly better than those for the previous year, major contributing factors being increased dividends from Hudson Bay Mining and Smelting Co., Limited, more profitable trading operations and lower net interest charges. Consolidated net income (before gain on realization less provision for losses on unquoted investments) was \$3,203,000, equal to 38.0 cents per share, compared with \$1,173,000, or 13.9 cents per share for the year 1971. Net gains on realization of investments amounted to \$1,402,000 in 1972 (\$1,141,000 in 1971).

Dividend payments, which were maintained at 30 cents per share, absorbed \$2,529,000 and, after making provision for prospecting and exploration expenditures of \$580,000 and refundable tax of \$12,000 not yet recoverable, retained earnings increased by \$1,484,000 to \$10,827,000.

The net asset value of Amcan at December 31, 1972, taking listed assets at their realizable or market value and unquoted assets at the lower of cost or Directors' valuation, was \$84,458,000, equal to \$10.02 per share, compared with \$83,269,000, equal to \$9.88 per share, at the end of the previous year. These figures include the 40% unquoted interest held in Francana Development Corporation Ltd. at cost. A realistic value for this holding

based on the underlying net assets increases the valuation at the end of 1972 to \$93,199,000, equal to \$11.06 per share. On the same basis, the valuation at February 28, 1973 had increased to \$103,173,000 or \$12.24 per share.

HUDSON BAY MINING AND SMELTING CO., LIMITED

Amcan's major asset continued to be its 28% investment in Hudson Bay Mining, whose net earnings in 1972 before extraordinary items were \$11,379,000 or \$1.26 per share. An extraordinary write-off of \$8,518,000 with respect to the Wellgreen Mine in the Yukon reduced earnings to \$2,861,000 (or 32 cents per share), a slight decrease from earnings for 1971 of \$3,009,000 (or 33 cents per share). A comparison of the results for 1972 and 1971 is difficult; 1971 earnings were adversely affected by a five month strike that shut down the base metal operations in Flin Flon and Snow Lake, Manitoba, while significant factors for 1972 were the impact on costs of the 1971 wage settlement and the relatively weak copper prices. In respect of 1972 Hudson Bay Mining paid dividends of 80 cents per share, compared with 50 cents per share in 1971.

Proven reserves of ore at the various mines of Hudson Bay Mining in the Flin Flon-Snow Lake area at December 31, 1972 totalled 17,284,000 tons, averaging

2.95% copper and 3.3% zinc, compared with 18,345,000 tons at the previous year-end.

Hudson Bay Mining has implemented a number of programs to increase efficiency and productivity in its operations in the Flin Flon-Snow Lake area with encouraging results. The company increased its production of blister copper from its own ores by 8% in 1972 compared with production in 1970, the last normal operating year. As the result of improvements in metallurgy in the smelter, through-put of concentrates was increased by 17% compared with 1970 figures. The surplus capacity was used to treat concentrates which were either purchased from other companies for Hudson Bay Mining's own account or smelted on a toll basis. In the light of improved operating performance and higher metal prices the outlook for the company in 1973 is encouraging.

The Sylvite of Canada division of Hudson Bay Mining operated satisfactorily during the year shipping 497,000 tons of muriate of potash compared with 464,000 tons in 1971. Production of potash is still controlled by the Saskatchewan Government's pro-rationing regulations at below 50% of the industry's capacity. Sylvite continues to operate profitably at this low level primarily because of its extremely efficient continuous mining method and automated refinery operation.

FRANCANA OIL & GAS LTD.

Amcan has a substantial indirect interest in the affairs of Francana Oil & Gas through its 28% shareholding interest in Hudson Bay Mining and its 40% interest in Francana Development Corporation Ltd. The share capital is held as to 52.5% by Hudson Bay Mining and 34.3% by Francana Development.

Sales of crude oil in 1972 by Francana Oil & Gas Ltd. rose by 19% to 1,204,000 barrels and sales of natural gas totalled 2.26 billion cubic feet, an increase of 47%. Proven reserves of natural gas totalled 84.1 billion cubic feet at December 31, 1972 and proven reserves of crude oil 15,422,000 barrels.

Francana's exploration and development program resulted in six oil wells and four gas wells out of a 24-well drilling program. Indirect participation by way of farm-outs yielded five oil wells and five gas wells out of a 25-well program.

Francana retains important holdings off the East Coast of Canada and in the Arctic. In the latter area, on Ellesmere Island, Panarctic Oils Limited tested free oil from three separate zones in its Romulus C-42 well. Panarctic has abandoned well Gemini E-10 drilled on lands in which Francana has a 15% interest, apparently

without discovering hydrocarbons, but plans further drilling in the area.

Trend Exploration Limited, in which Francana holds a 22% equity interest, reported several oil and gas successes in Colorado and Alberta. In Indonesia, Trend, et al, made an oil discovery and it is hoped that following further development drilling, production will start at an initial rate of 30,000 barrels per day in the fall of this year.

FRANCANA DEVELOPMENT CORPORATION LTD.

Net profit of Francana Development Corporation Ltd., amounted to \$781,000 in the year 1972 compared with \$547,000 the previous year. The higher profit was attributable to increased income from trading operations.

At the end of 1972, net assets of Francana Development, taking listed securities at market value and unquoted assets at cost, were worth \$38,900,000 compared with \$23,400,000 a year earlier. Its holding of 456,000 shares in Hudson Bay Mining together with the 34.3% interest in Francana Oil & Gas remain the major assets of Francana Development which also holds investments in the trucking industry and in venture capital situations.

GREAT NORTHERN CAPITAL CORPORATION LIMITED

Net income of Great Northern Capital in 1972 amounted to \$4,230,000, equal to \$1.25 per share on a fully diluted

basis, compared with \$5,038,000 or \$1.57 in the prior year. A special land sale accounted for a substantial portion of the 1971 profit.

Early in 1973 Amcan sold its entire investment in Great Northern Capital to Capital & Counties Property Company Limited of London, England. The sale which resulted in a substantial gain, improved Amcan's working capital position by nearly \$14,500,000.

THE WHITE PASS AND YUKON CORPORATION LIMITED

Net earnings of White Pass, in which Amcan has a 26% interest, amounted to \$2,228,000 or 98 cents per common share for the year 1972 compared to \$1.00 per share for the preceding year. Gross operating revenues and sales increased by 7% and net operating revenues improved by 4% over the year 1971. Earnings were adversely affected by a general waterfront strike of longshoremen in the Port of Vancouver which shut down the company's coastal shipping operation for a period of four weeks last fall and by a cut-back in shipments of outbound mineral products from two mines in the last quarter of 1972. Included in the net operating revenue for the year 1971 was an amount of \$352,000 representing profit from land development sales. The corresponding amount for 1972 was only \$21,000.

There are signs of increased activity in mineral exploration in the Yukon Territory and the adjacent area of Northwest Territories following the discovery of promising mineral showings in the east-central region of the Yukon. More than 7,000 mineral claims were staked in this area in 1972 and further exploration will be carried out this year. With the prospect of another period of expansion in the mining industry of the Territory, attention has been refocused on the prospects for railway extension. The opening up of a new mine or mines would improve the economics of an extension which existing volumes of freight are not sufficient to support. With this in mind White Pass is stepping up its program of ground and aerial reconnaissance of routes for railway extension north and east of Whitehorse.

Construction is continuing on the Dempster Highway which will link the highway system of the Yukon with the lower Mackenzie area and open up this important area to year-round surface transportation.

In February 1973 White Pass raised its semi-annual dividend to 17.5 cents from 12.5 cents per share.

WHITEHORSE COPPER MINES LTD.

Production at the Yukon property of Whitehorse Copper Mines Ltd., in which Amcan and Hudson Bay Mining each have a substantial financial interest, was resumed

on December 18, 1972 following completion of development of the Little Chief and Middle Chief ore bodies for underground mining. Production had been suspended since June, 1971.

The rate of mining and milling is currently about 2,000 tons per day grading approximately 2% copper. Underground drilling has indicated the possibility that ore reserves may be increased at depth. The profit prospects of Whitehorse Copper Mines have improved considerably in view of the firmer price of copper and higher prices for gold and silver. Amcan which, jointly with Hudson Bay Mining, participated in refinancing the development program will share equally one-third of cash profits from the operation.

TOMBILL MINES LIMITED

During the year 1972 Amcan purchased from Hudson Bay Mining its 37.6% interest in Tombill Mines increasing its shareholding to 48% of the shares outstanding.

The major asset of Tombill Mines is its holding of 154,500 shares of Hudson Bay Mining and it also owns 40% of the share capital of Francana Minerals Ltd., a producer of sodium sulphate. Tombill participates to the extent of 10% in Amcan's interest in the joint prospecting agreement with Hudson Bay Mining and prospects in certain gold areas on its own account.

PROSPECTING

Work under the joint prospecting program with Hudson Bay Mining was carried out during the year in the Yukon Territory and in the provinces of British Columbia, Ontario and Quebec. Several mineral showings of copper, lead, zinc and nickel are under investigation. Plans for 1973 call for a substantial amount of diamond drilling to test geophysical anomalies that have been detailed on the ground after airborne surveys particularly in north-west Ontario. Geochemical and conventional prospecting methods have identified a number of interesting areas in the Cordilleran region of British Columbia.

VENTURE CAPITAL INTERESTS

Sterisystems Ltd., a company primarily engaged in the hospital television rental business, in which Amcan has a 12.2% interest, had another successful year with earnings of \$451,000 compared to \$375,000 in the year 1971.

PolyCom Systems Limited, a company providing computer time-sharing facilities, in which an 18.4% interest is held by Amcan, had net income for 1972 of \$116,000 compared with \$18,000 the previous year.

A small independent oil and gas company, Consumers Oil Limited, in which a 17.9% interest is held, made

good progress during the year and will shortly become a publicly listed company.

DIRECTORS

Mr. M. B. Hofmeyr, Managing Director of Charter Consolidated Limited, was elected a director on November 22, 1972 in place of Mr. L. G. Stopford-Sackville who resigned.

Mr. R. H. Jones, President and Chief Executive Officer of The Investors Group, was elected a director on March 13, 1973 in place of Mr. T. O. Peterson who resigned.

Mr. Allan Graydon, Q.C., who indicated a desire to reduce his business commitments, resigned as a director on March 13, 1973 and Mr. H. A. McKenzie, Executive Vice President of Hudson Bay Mining and Smelting Co., Limited was elected in his place. The invaluable contributions by Mr. Graydon to the decisions of the Board will be greatly missed.

On March 1, 1973, Mr. J. D. Taylor, Q.C., a senior partner of the law firm of Fasken & Calvin and a director of Amcan since its inception, joined the staff in a senior executive capacity.

G. W. H. RELLY,
Chairman.

April 5, 1973.

Consolidated statement of income and retained earnings for the year ended December 31, 1972

(with 1971 figures for comparison)

ANGLO AMERICAN CORPORATION OF CANADA LIMITED AND ITS WHOLLY-OWNED SUBSIDIARY COMPANIES

	1972	1971
Income :		
Dividends	\$ 2,859,108	\$ 1,796,208
Interest	1,796,521	1,181,652
Profit on trading securities (Note 7)	1,138,059	385,742
Miscellaneous	37,509	36,440
Total income	<u>5,831,197</u>	<u>3,400,042</u>
Expenses :		
Interest:		
Affiliated companies	387,637	416,498
Other	1,486,135	1,114,791
Other operating expenses, less recoveries, 1972—\$260,582; 1971—\$274,097	699,455	645,283
Net expenses	<u>2,573,227</u>	<u>2,176,572</u>
Income before taxes and gain on realization less provision for loss on investments	3,257,970	1,223,470
Provision for taxes (Note 8)	603,637	105,517
Income before gain on realization less provision for loss on investments	2,654,333	1,117,953
Gain on realization of investments—less provision for loss on unquoted securities (1972—\$1,056,617; 1971—Nil)	1,402,248	1,140,603
Income before extraordinary item	4,056,581	2,258,556
Tax reductions on application of prior year losses	548,900	55,200
Net income	4,605,481	2,313,756
Retained earnings at beginning of the year	9,342,481	10,388,932
	<u>13,947,962</u>	<u>12,702,688</u>
Less :		
Dividends paid	2,528,864	2,528,864
Transfer to prospecting and exploration reserve (Note 5)	580,079	831,343
Refundable tax not yet recoverable (Note 9)	12,239	—
	<u>3,121,182</u>	<u>3,360,207</u>
Retained earnings at end of the year	<u>\$10,826,780</u>	<u>\$ 9,342,481</u>

The accompanying notes are an integral part of the financial statements.

Consolidated balance sheet as at December 31, 1972

(with 1971 figures for comparison)

ANGLO AMERICAN CORPORATION OF CANADA LIMITED (Incorporated under the Canada Corporations Act)
AND ITS WHOLLY-OWNED SUBSIDIARY COMPANIES

ASSETS

	1972	1971
Current assets:		
Cash	\$ 314,105	\$ 41,003
Accrued interest and dividends receivable	1,170,347	662,567
Accounts receivable	1,257,868	1,858,780
Taxes recoverable	—	66,004
Notes and deposits:		
Chartered banks:		
U.S. term deposits (1972—U.S. \$1,467,577; 1971—U.S. \$1,239,611)	1,461,156	1,242,322
Financial institutions:		
Canadian notes receivable	17,783,938	12,693,676
U.S. notes receivable (U.S. \$7,068,000)	7,037,077	—
Loans receivable	1,997,760	649,343
Trading securities—at the lower of cost or market value (market value, 1972—\$5,383,810; 1971—\$3,541,785) (Note 2)	4,931,209	3,459,357
Total current assets	35,953,460	20,673,052
Silver bullion—at cost (realizable value, 1971—\$687,500)	—	984,246
Quoted investments—at cost (market value, 1972—\$81,740,183; 1971—\$75,279,293) (Note 2)	94,646,979	87,224,221
Unquoted investments—at cost less accumulated amounts written off, 1972—\$2,151,005; 1971—\$1,107,569	14,444,827	14,499,098
Advance to joint venture (Note 3)	950,000	—
Fixed assets (Note 4)	409,998	397,128
Interests in mining investigations—at cost less prospecting and exploration reserve, 1972—\$3,401,623; 1971—\$2,821,544 (Note 5)	1	1
TOTAL	<u>\$146,405,265</u>	<u>\$123,777,746</u>

The accompanying notes are an integral part of the financial statements.

LIABILITIES AND SHAREHOLDERS' EQUITY

	1972	1971
Current liabilities:		
Accounts payable and accrued charges	\$ 1,047,460	\$ 799,781
Accrued interest payable	419,027	126,770
Loans and deposits:		
Financial institutions	—	1,082,440
Affiliated companies	7,468,795	6,513,517
Other:		
Canadian loans	17,652,227	16,154,556
U.S. loans (1972—U.S. \$7,897,132; 1971—U.S. \$150,441)	7,862,581	150,770
Income debentures (Note 6)	7,000,000	3,500,000
Taxes payable	42,945	21,981
Total current liabilities	41,493,035	28,349,815
Income debentures—due in 1974 (Note 6)	8,000,000	—
Shareholders' equity:		
Capital stock:		
Authorized:		
10,000,000 shares without nominal or par value		
Issued and fully paid:		
8,429,545 shares	86,085,450	86,085,450
Retained earnings	10,826,780	9,342,481
Total shareholders' equity	96,912,230	95,427,931
Approved by the Board:		
G. W. H. Relly, <i>Director</i>		
Ian D. Davidson, <i>Director</i>		
TOTAL	\$146,405,265	\$123,777,746

Consolidated statement of source and application of funds for the year ended December 31, 1972

(with 1971 figures for comparison)

ANGLO AMERICAN CORPORATION OF CANADA LIMITED AND ITS WHOLLY-OWNED SUBSIDIARY COMPANIES

	1972	1971
Source of funds:		
Net income for the year	\$ 4,605,481	\$ 2,313,756
Add (deduct):		
Unquoted investments—provision for loss	1,056,617	—
Depreciation, amortization and amounts written off furniture and office equipment ..	32,093	20,606
Quoted investments—gain on realization	(2,378,659)	(1,140,603)
Funds provided from operations	3,315,532	1,193,759
Investments realized:		
Quoted	5,402,859	2,815,513
Unquoted	3,570	11,014,477
Silver bullion sold	904,040	—
Income debentures issued	8,000,000	—
Total funds provided	17,626,001	15,023,749
Application of funds:		
Investments acquired:		
Quoted	9,947,669	2,889,550
Unquoted	1,425,000	1,158,322
Joint venture advance	950,000	—
Refundable tax	12,239	—
Dividends paid	2,528,864	2,528,864
Prospecting and exploration expenditures	580,079	831,343
Fixed assets purchased	44,962	102,472
Total funds applied	15,488,813	7,510,551
Increase in working capital for the year	2,137,188	7,513,198
Working capital deficiency at beginning of the year	7,676,763	15,189,961
Working capital deficiency at end of the year	\$ 5,539,575	\$ 7,676,763

The accompanying notes are an integral part of the financial statements.

Notes to the consolidated financial statements

December 31, 1972

ANGLO AMERICAN CORPORATION OF CANADA LIMITED AND ITS WHOLLY-OWNED SUBSIDIARY COMPANIES

1. Structure of Amcan Group

In the accompanying consolidated financial statements, the accounts of Anglo American Corporation of Canada Limited (Amcan) have been consolidated with those of its subsidiary companies, all of which are wholly-owned:

Anglo American Corporation of Canada Exploration Limited
 Anglo Canada Holdings (Bahamas) Limited
 Anmercosa Finance Limited
 Anmercosa Holdings Limited
 —incorporated December 19, 1972
 Anmercosa Investments Limited
 Anmercosa Securities Limited
 Anmercosa Ventures Limited

On December 29, 1972, the Board of Directors of Anglo Canada Holdings (Bahamas) Limited resolved to place the company in voluntary liquidation. The net asset value of this subsidiary at December 31, 1972, is in excess of the company's investment therein by approximately \$140,000. Subsequent to December 31, 1972, the company received U.S. \$1,460,000 in liquidating dividends from this subsidiary.

2. Market Values

Market values of trading securities and quoted investments are based on closing bid prices on December 31, 1972. In the case of large shareholdings, such prices do not necessarily represent the realizable value of the companies' holdings which may be more or less than the indicated market value.

Bid prices in foreign currencies have been converted to Canadian funds at the rates of exchange prevailing at December 31, 1972.

3. Joint Venture

As part of its participation in a programme to provide financing for Whitehorse Copper Mines Ltd. Amcan is party to an agreement whereby it has a one-sixth interest in certain mining claims and a similar interest in a joint venture to explore and develop these claims. On December 18, 1972, the joint venture commenced milling operations and the value of concentrate production for the period from December 18, 1972 to December 31, 1972 was deducted from deferred expenditures. As at December 31, 1972 Amcan's share of the net assets of the joint venture was equal to its investment therein.

4. Fixed Assets

Fixed assets are comprised of the following:

Land and buildings—at cost less accumulated depreciation of \$49,035 \$252,967
 Leasehold improvements—at cost less accumulated amortization of \$35,268 153,184

Automobile—at cost less depreciation of \$1,625	3,846
Furniture and office equipment—at cost less amount written off of \$241,557	1
	<u>\$409,998</u>

5. Interest in Mining Investigations

Although the business of the Amcan group of companies is principally that of mining finance and investment, and to a lesser extent, security trading, certain prospecting and exploration expenditures are made each year in respect of interests in mining investigations. The policy of the Amcan group is to provide in full against the value of these interests because the ultimate realizable value is not determinable. Accordingly, an annual appropriation is made from retained earnings sufficient in amount to reduce interests in mining investigations to a nominal value of \$1, even though further work is continuing on certain of the prospects. If an interest is proven up, sold, or a participation therein is granted, the resulting recovery of value will be treated as a credit to retained earnings.

6. Loans, Debentures, and Guarantees

Certain quoted investments have been lodged with banks as collateral security for the following:

- Bank lines of credit of \$10,000,000, which were not utilized as at December 31, 1972.
- The income debentures, which bear interest at various rates from 3.75% to 5% per annum.

7. Profit (Loss) on Trading Securities

The practice of the Amcan group is to value trading securities at the lower of cost or market on an individual basis, and to show realized profits or losses on such securities net of the increase or decrease in provision for unrealized losses: 1972 — decrease — \$602,519; 1971 — decrease — \$277,027.

8. Income Taxes

A substantial portion of the income is not subject to income tax, except as explained in Note 9 below, since it is comprised of dividends and interest on income bonds from tax-paying Canadian companies.

Accumulated deferred exploration expenditures of approximately \$3,290,000 are available for application against certain taxable income of future years; in addition, losses for tax purposes totalling approximately \$2,432,000, available for application against taxable income of future years, expire as follows:

1975	\$1,386,000
1976	\$ 813,000
1977	\$ 233,000

9. Refundable Taxes

Under the Income Tax Act, Amcan and its subsidiary companies are classified as private corporations and therefore taxes payable relative to investment and dividend income, are potentially refundable and hence not deducted in computing net income for the year. Refunds of these taxes can be obtained at the rate of \$1 for each \$3 of taxable dividends subsequently paid. Should the companies cease to be classified as private corporations the entitlement to refund would be lost.

10. Conversion of U.S. Dollar Accounts

U.S. dollar accounts in these financial statements have been converted to Canadian dollars as follows:

Current assets and current liabilities—at the year-end rate of exchange.

Unquoted investments—at the rate of exchange prevailing at the date of purchase.

Income and expenses—at the rates of exchange prevailing at the dates of settlement.

11. Long-term Lease Commitment

Under long-term lease agreements, there is a commitment to pay net annual rentals of approximately \$161,000 until 1992.

12. Commitment — Agnew Lake Mines Limited

Amcan has agreed to guarantee 20% of any bank loan to Agnew Lake Mines Limited, if such loan were guaranteed as to 80% thereof by Kerr Addison Mines Limited. No such guarantees are presently contemplated. The Agnew Lake property has been placed on a care and maintenance basis because of prevailing low uranium prices. To date, Agnew Lake's financing has been provided through the sale of units consisting of 7% debentures and common shares, \$3,000,000 of these units having been acquired prior to December 31, 1971 by companies in the group. The maximum amount for which Amcan may become liable under the guaran-

tee is \$3,600,000, this figure to be reduced by the cost of any further units purchased. Payment of interest on the debentures has been deferred for three years from January 1, 1971. As a result, interest in the amount of \$210,000 accruing on these debentures for 1972 (1971—\$210,000) has not been taken into income. In addition Amcan provided \$600,000 during the year against possible diminution in value of this investment.

13. Remuneration of Directors and Officers

Remuneration of Amcan's directors and officers for 1972 was as follows:

- (a) Twelve directors received aggregate remuneration, as directors, of \$9,900.
- (b) Eight officers, three of whom are also directors, received aggregate remuneration, as officers, of \$191,188.

Certain of the directors and officers are also directors and/or officers of the subsidiary companies, but received no remuneration in those capacities.

14. Earnings Per Share

	1972	1971
Before extraordinary item	48.1¢	26.8¢
After extraordinary item	54.6¢	27.4¢

15. Subsequent Event

Subsequent to December 31, 1972, Amcan entered an agreement for the sale of its investment in Great Northern Capital Corporation Limited, subject to the approval of the Bank of England and Canadian regulatory authorities, for a cash consideration which will result in a gain of approximately \$5,190,000 before applicable taxes.

16. Comparative Figures

Certain 1971 figures in the financial statements have been reclassified to conform to the 1972 presentation.

Auditors' Report

To the Shareholders of
Anglo American Corporation of Canada Limited:

We have examined the consolidated balance sheet of Anglo American Corporation of Canada Limited and its wholly-owned subsidiary companies as at December 31, 1972 and the consolidated statements of income and retained earnings and source and application of funds for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these consolidated financial statements present fairly the financial position of the companies as at December 31, 1972 and the results of their operations and the source and application of their funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

TORONTO, ONTARIO,
February 23, 1973.

DELOITTE, HASKINS & SELLS
Chartered Accountants.

